

This record is a partial extract of the original cable. The full text of the original cable is not available.

061156Z Dec 04

UNCLAS SECTION 01 OF 02 HARARE 001969

SIPDIS

STATE FOR AF/S
USDOC FOR ROBERT TELCHIN
TREASURY FOR OREN WYCHE-SHAW
PASS USTR FLORIZELLE LISER
STATE PASS USAID FOR MARJORIE COPSON

SENSITIVE

1E. O. 12958: N/A
TAGS: EFIN ECON ETRD EINV PGOV ZI
SUBJECT: Vic Falls Tourism Up - Slightly

Sensitive but unclassified. Not for Internet posting.

11. (SBU) Summary: After striking rock bottom in 2003, Victoria Falls tourism activity has picked up marginally this year. Still, hospitality sector business at Zimbabwe's leading tourist destination is probably off two-thirds from 1997, forcing operators to find innovative ways to break even. Industry insiders confirm that Chinese tourists are replacing some of those from the North America, Oceania and Europe. However, these operators are universally disappointed by the unwillingness of Chinese visitors to spend money, whether at hotel bars or on adventure activities. End summary.

12. (SBU) On a recent visit to the tourist town, econoff spoke with the general managers of the Victoria Falls, Elephant Hills and Kingdom Hotels; the managing directors of the major adventure activities provider as well as the top transport firm; and the regional head of the National Parks and Wildlife Service, which administers the waterfall area and surrounding rainforest. We summarize their views below (and will channel a sanitized version through the Commercial Service's International Marketing Insights for potential U.S. investors).

How Many Tourists?

13. (SBU) Amid GOZ claims of record international arrivals, Victoria Falls hospitality operators have had to justify the obvious - that business has dropped off a cliff since the late-1990s. A recent article in the GOZ's Sunday Mail, for example, asserted that 2003 foreign tourist arrivals set an all-time record of 2.2 million. In these official statistics, however, the GOZ counts any border-crossing by a non-Zimbabwean as an international tourist, including the burgeoning number of border traders. Occupancy rates at the three hotels we visited are averaging 30 percent, an informal indication that tourists are scarce.

14. (SBU) The best alternate statistic we came across was U.S. dollar entrance fees that non-residents pay to the Parks and Wildlife Service to view the waterfalls. Based on these figures, international visitors to the waterfalls peaked in 1997 at 300,000 and dropped gradually to a low of 80,000 in 2003. Statistics suggest international visitors will rebound to 100,000 in 2004, a 25-percent improvement but still down two-thirds from the late-1990s. Parks and Wildlife Service Senior Warden Tom Jura confirmed that Chinese and other Asians accounted most of the growth, but he would not supply precise numbers.

15. (SBU) Yet nearly every operator we spoke to complained that Chinese tourists spend little money. Managing Director Allen Roberts of Shearwater Adventures, the country's top adventure outfit and the oldest in Southern Africa, said he almost never sells helicopter, bungee jump, light-hovercraft or whitewater rafting trips to Chinese tourists. He claims his business would die without North American/European/Australian clients.

Incredible Potential

16. (SBU) In spite of their present troubles, all operators boasted of the area's immense tourist potential. "There's only one Victoria Falls," Kingdom Hotel acting General Manager Alice Chidawanyika joked. Tourism is so potentially lucrative, she noted, that the Kingdom breaks even with only 32-35 percent occupancy. Director Tom Chuma of Into Africa, a tourism operator offering a broad array of services, believes Victoria Falls' "dirt-cheap" real estate prices represent an opportunity for longer-term investors. Lots are for sale, he added, with a view of the waterfalls or at least

their copious spray. "If you're not already in the game, it will be too late when things turn around," he opined.

17. (SBU) The interlocutors also remarked that Livingston, Zambia, across the Zambezi River, has been absorbing most recent investment. They believe Zambian hotels, restaurants and services are still inferior to those on the Zimbabwean side, but feel Livingston's railway museum could be a formidable tourist draw. Rather than regard Livingston as a competitor, most Zimbabwean operators believed its development will enhance Victoria Falls as a larger and more complete tourist center.

Waiting for Better Times

18. (SBU) Once Zimbabwe's politics and economics normalize, we suspect budget-minded Chinese tourists will be priced out of the up-market hotels. At present, most of the Victoria Falls' hospitality industry wants any warm body it can get. In fact, the sector is bracing for very low occupancies during the Jan-March run-up to Parliamentary elections. General Manager Fungai Makani of the Victoria Falls Hotel said he now allows clients into the hotel dining room without coat and tie, a notable concession at this stately colonial enclave. Elephant Hills General Manager Mark Havercroft said the overvalued zimdollar has scared off so many international tourists that he now focuses his marketing more on the domestic market. On a more positive note, the city's new Tourist Police seems to be deterring crime and the Parks and Wildlife Service knows of only one incident (non-violent) within the rainforest this year.

Schultz